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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: October 12, 2006

SCHUESSEL ERECTS BARRIERS FOR COALITION NEGOTIATIONS

Before the start of the coalition negotiations, Chancellor Schuessel has sent unmistakable signals to the SPOe: The OeVP opposes basic social security payments to those below a certain income, a comprehensive school, and Eurofighter negotiations. On the latter, SPOe boss Alfred Gusenbauer has called for an investigative committee. [Der Standard, page 3, ORF online and other Austrian media] [more]

HOFBURG INVOLVED IN EUROFIGHTER TURBULENCES

Federal President Heinz Fischer apparently also has been drawn into the Eurofighter contract debate. A strictly confidential document was conveyed to the Hofburg last Friday containing the part of the sales contract that deals with the business aspect of the deal. The Hofburg had apparently not requested the document in question. [Die Presse, page 2, other Austrian media] [more]

PRESIDENT OF THE FEDERAL ASSEMBLY WITHDRAWS FROM POLITICS

Federal Assembly President Andreas Khol has announced his intention to renounce his parliamentary seat and leave politics altogether. Khol thus becomes the second member of the immediate OeVP leadership circle around Chancellor Schuessel to turn his back on politics, following Education and Science Minister Elisabeth Gehrler. [Die Presse, page 3, all Austrian media] [more]

CHARGES AGAINST ELSNER COMPLETED

On Wednesday, the Justice Ministry approved the prosecutor's charges in the Bawag affair, removing the last obstacle for a trial of nine former Bawag managers, including Helmut Elsner and Johann Zwettler. If convicted, they face possible lengthy prison sentences for fraud and forgery of balances. [Salzburger Nachrichten, pages 1 and 5] [more]

EU

MERKEL WANTS EU CONSTITUTION BY 2009

Three months before Germany assumes the EU presidency, EU commission President Barroso has visited German Chancellor Merkel. He has called for revival of the constitution process - this tallies with Merkel's belief that the EU needs a constitution by the time of the EU elections in 2009. [Der Standard, page 6] [more]

INTERNATIONAL

PLANE CRASHED INTO SKYSCRAPER

A small plane crashed into a skyscraper in New York City on Wednesday, setting fire to parts of the building. TV station NBC reports four deaths. The FBI has ruled out a terror attack. [ORF online]

NORTH KOREA THREATENS THE US

North Korea has said its decision about new nuclear tests and the return to the negotiation table depends on the US attitude. It has warned the US not to step up pressure. At the same time, France has voiced doubts whether North Korea really performed nuclear tests - the measured explosion was too weak to verify whether it was nuclear, said French Minister of Defense Alliot-Marie. [Der Standard, page 5 and all other Austrian media]
[more]

AUSTRIAN MEDIA ONLINE

Schuessel Erects Barriers for Coalition Negotiations

¶1. Before the start of the coalition negotiations, Chancellor Schuessel has sent unmistakable signals to the SPOe: The OeVP opposes basic social security payments to those below a certain income, a comprehensive school, and Eurofighter negotiations. On the latter, SPOe boss Alfred Gusenbauer has called for an investigative committee. Independent daily "Der Standard" stresses that, while the SPOe is demonstrating a conciliatory attitude, Chancellor Schuessel's reaction is deprecatory. He referred to "skepticism" within his party about a grand coalition, pointing out that the majority of the OeVP base opposed a grand coalition. The Chancellor also emphasized that his party and the SPOe were almost equally strong and that negotiations could only take place if both parties were prepared to meet on an equal footing. He expressly rejected a policy of incurring new debts and demanded that the SPOe present a financing plan for every policy proposal it makes. Asked which concessions the OeVP would be prepared to make, Schuessel answered, "The biggest concession is that we are prepared to enter into negotiations."

Hofburg Involved in Eurofighter Turbulences

¶2. Federal President Heinz Fischer apparently also has been drawn into the Eurofighter contract debate. A strictly confidential document was conveyed to the Hofburg last Friday containing the part of the sales contract that deals with the business aspect of the deal. The Hofburg had apparently not requested the document in question. The Ministry of Defense took this measure of conveying the document in preparation for a meeting between Fischer and Minister of Defense Guenter Platter on Tuesday, writes centrist daily "Die Presse." The intention was apparently to prove there was nothing wrong with the contract and thus contradict SPOe charges that the contract had been poorly set up, noting that the contract was monitored by the Court of Audit several times. Fischer in the meantime returned the document - he does not want to interfere, nor does he want to be "instrumentalized" as his spokesman Bruno Aigner phrased it. He believes that the Austrian Parliament should deal with the Eurofighter deal.

President of the Federal Assembly Withdraws from Politics

¶3. Federal Assembly President Andreas Khol has announced his intention to renounce his parliamentary seat and leave politics altogether. Khol thus becomes the second member of the immediate OeVP leadership circle around Chancellor Schuessel to turn his back on politics, following Education and Science Minister Elisabeth Gehrler. In an interview with centrist daily "Die Presse," Andreas Khol, one of the architects of the OeVP/FPOe coalition in 2000, said that he did not want to "learn new tricks." He had been fully convinced of the reform program initiated by the Schuessel government and still stands by it, Khol said. He was not prepared to accept inroads into this program, and also wanted to assume a certain degree of responsibility for the OeVP's heavy losses in the recent elections. Khol voiced heavy criticism of the election campaign, calling it a "napalm campaign." He demanded "fairness

legislation." Khol is not convinced that Austria's future will be determined by a grand coalition, however, pointing out that a coalition with the Strache FPÖ was no real alternative for the ÖVP either.

Charges Against Elsner Completed

¶4. On Wednesday, the Justice Ministry approved the prosecutor's charges in the Bawag affair, removing the last obstacle for a trial of nine former Bawag managers, including Helmut Elsner and Johann Zwettler. If convicted, they face possible lengthy prison sentences for fraud and forgery of balances. Calculating Bawag's losses, the prosecution gave a tentative figure of 1.5 billion euro for which the managers can be held accountable. Due to the amount of material and documents, the trial will probably not start before the beginning of 2007. By then, Helmut Elsner will have been extradited from France.

Merkel Wants EU Constitution by 2009

¶5. Three months before Germany assumes the EU presidency, EU commission President Barroso has visited German Chancellor Merkel. He has called for revival of the constitution process - this tallies with Merkel's belief that the EU needs a constitution by the time of the EU elections in 2009. Her goal is to draw up a road map for the future of the constitutional process in the EU, writes independent daily "Der Standard." The daily also refers to other projects of the German EU presidency: An energy strategy for the EU and reduction of costs for the administration of enterprises. Centrist daily "Die Presse" also mentions the transatlantic ambitions of the German Chancellor. According to the daily, Merkel is "fascinated by a transatlantic free trade zone between the EU and the US" as a possible bulwark against the rising powers Russia and China. However, except for Britain, there is widespread skepticism among EU states of such an initiative.

Plane Crashed into Skyscraper

¶6. A small plane crashed into a skyscraper in New York City on Wednesday, setting fire to parts of the building. TV station NBC reports four deaths. The FBI has ruled out a terror attack. North Korea Threatens the US

¶7. North Korea has said its decision about new nuclear tests and the return to the negotiation table depends on the US attitude. It has warned the US not to step up pressure. At the same time, France has voiced doubts whether North Korea really performed nuclear tests - the measured explosion was too weak to verify whether it was nuclear, said French Minister of Defense Alliot-Marie. North Korea wants to return to the negotiating table once punitive measures are lifted, reports independent daily "Der Standard." This demand cut no ice with Japan, which announced stricter sanctions against the communist state. Japanese ports will be closed completely to North Korean ships and there will be restrictions on imports. Tokyo had already implemented financial sanctions after the missile tests in July. In the meantime, there is heated debate about UN sanctions against North Korea. China and Russia oppose adopting too tough a line against Pyongyang, writes semi-official daily "Wiener Zeitung." Negotiations are still going on - the hope is that an agreement will be reached by the end of the week.

McCaw